

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** William F. Sherry  
James R. Helmer

**SUBJECT:** SEE BELOW

**DATE:** May 11, 2005

Approved



Date

5/12/05

District: Citywide

**SUBJECT: EXERCISE OF OPTION TO EXTEND THE TERM OF THE AGREEMENT  
FOR BUS SERVICE AT THE AIRPORT**

## RECOMMENDATION

Approval to exercise an option to extend the term of the agreement with the Santa Clara County Valley Transportation Authority for bus services linking the Norman Y. Mineta San José International Airport with the Metro Light Rail, Santa Clara Transit, and Cal Train Stations for a two-year period from July 1, 2005 to June 30, 2007, in an amount not to exceed \$1,500,000 for the first year of the option term, and, subject to appropriation of funds by the City, in an amount not to exceed \$1,605,000 for the second year of the option term.

## BACKGROUND

On March 3, 1998, Council approved an agreement with the Santa Clara County Valley Transportation Authority (VTA), to modify and expand public transit services at the Norman Y. Mineta San José International Airport, for an initial term of thirteen months. Under the terms of the agreement, VTA provides expanded San José Airport Flyer bus services linking the Airport with the Metro Light Rail, Santa Clara Transit, and CalTrain Stations.

On June 24, 2003 Council approved the Fifth Amendment to the agreement, extending the term from July 1, 2003 to June 30, 2005, with the amount of the first year not to exceed \$1,550,000 and an adjustment of the hourly compensation rate based on the Consumer Price Index (CPI) for the following year. The Fifth Amendment also provided the City the option to extend the term of this agreement for one two-year period from July 1, 2005 to June 30, 2007, by delivering a written Notice of Exercise of Option to VTA, no later than May 30, 2005.

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## **ANALYSIS**

This bus service program was implemented as a part of the Airport's Transportation System Management Program as required by the Master Plan Environmental Impact Report (EIR). It represents one of the required cooperative efforts calling for transit improvements between the Airport and the existing Light Rail and CalTrain transit services. This bus service is not only patronized by the public and Airport customers, but is also used by City and tenant employees working at the Airport.

Pursuant to the terms of the agreement, the City pays one-half of VTA's hourly operating costs for the San José Airport Flyer bus service, subject to a maximum annual compensation amount. The agreement provides for an annual adjustment to the hourly compensation rate paid by the City to VTA, based upon year-to-year changes in the consumer price index (CPI) and subject to a maximum increase of 7% for any one-year period.

In the event that Council approves the exercise of the option to extend the agreement, the current hourly rate of \$40.21 will increase by a CPI adjustment of 1.6% to a new hourly rate of \$40.85, which will be effective to June 30, 2006. Compensation payable by the City to VTA for the first option year will be subject to a maximum annual compensation amount of \$1,500,000.

Compensation for the second option year will be set using the CPI adjustment described above, subject to a maximum compensation amount for the second option year. The agreement provides that the City may terminate the agreement without penalty in the event that the City does not appropriate funds for the agreement for any fiscal year.

## **OUTCOMES**

Approval of the extension to bus services linking the Norman Y. Mineta San José International Airport with Metro Light Rail Transit and Cal Train Stations will maintain the expanded transit services to the Airport as required by the Master Plan EIR and continue to provide services for over 23,000 passengers per month.

## **PUBLIC OUTREACH**

Not Applicable

## **COORDINATION**

This Memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office. The San José Airport Flyer bus service program is a partnership between the City of San José and the Santa Clara Valley Transportation Authority.

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### **COST IMPLICATIONS**


Compensation for the first year of the option period will be \$40.85 per service hour. Maximum compensation for this period will remain at \$1,500,000. The amount of funding allocated in the Airport Department's budget represents the Airport's share of the costs for this transportation access service provided by the Santa Clara VTA at the current service schedule. Sufficient Airport funding is available for increases in the option period at current service hours and for schedule increases that may be needed to meet future passenger demand.

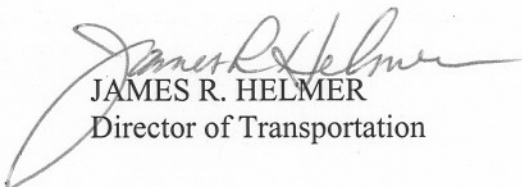
### **BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2004-05 Adopted Budget	Last Budget Action (Date, Ord. No.)
523	0802	Non-Personal/ Equipment	413140	\$36,387,720	\$1,500,000	Page XI-3	2/08/2005 Ord. No. 27350

### **CEQA**

Resolution Nos. 67380 and 71451, PP 05-092

*for*   
WILLIAM F. SHERRY, A.A.E.  
Director of Aviation

  
JAMES R. HELMER  
Director of Transportation